

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 049028

70

ORIGIN NEA-12

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-09 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 SAL-01 OMB-01 AGR-20 /106 R

DRAFTED BY NEA/ PAB: FHTHOMAS: PD

3/16/73 EXT:22119

APPROVED BY NEA/ PAB: LBLAINGEN

AID: GMCCLOSKEY (INFO)

E/ IFD/ OIA: MKENNEDY (INFO)

----- 077244

R 162105 Z MAR 73

FM SECSTATE WASHDC

TO AMEMBASSY ISLAMABAD

INFO AMCONSUL KARACHI

AMCONSUL LAHORE

LIMITED OFFICIAL USE STATE 049028

E. O. 11652 N/ A

TAGS: EAGR, EIND, PK

SUBJECT: QAMARUL ISLAM ASKS EXXON CHEMICAL TO DOUBLE
PRODUCTION PAK FERTILIZER

1. VICE CHAIRMAN PLANNING COMMISSION QAMARUL ISLAM MET
OFFICIALS EXXON (ESSO) CHEMICAL, MARCH 14, AND OFFERED
EXPEDITE SETTLEMENT OF LONG PENDING FERTILIZER PRICING
PROBLEM IF COMPANY WOULD DOUBLE CAPACITY EXISTING PAK
FERTILIZER PLANT.

2. MESSRS. LAWRENCE AND LARSON, EXXON REPS, MET ISLAM IN
WASHINGTON AT HIS REQUEST. ISLAM SAID GOP WANTED CARRYOUT
MAJOR EXPANSION FERTILIZER CAPACITY. OUTLINED TENTATIVE
PLANS AS FOLLOWS:

A) NEW DAWOOD PLANT OF 600,000 TONS CAPACITY AT
COST \$140 MILLION INCLUDING PLANS TO EXPORT 200,000 TONS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 049028

ANNUALLY TO CHINA. FINANCING UNCERTAIN.

B) MULTAN PLANT, EXPECTED COST \$75 MILLION. ISLAM ADDED GOP CONTINUING SEEK FINANCING FROM IBRD AND ABU DHABI FOR THIS UNIT. CLAIMS HAVE \$10 MILLION COMMITTED BY ABU DHABI.

C) FAUJI FOUNDATION PLANT PROPOSAL, STILL IN PRE-LIMINARY PLANNING STAGE.

D) "SMALL" \$3.8 MILLION PLANT TO BE ERECTED BY "JAFFAR" NEAR KARACHI.

3. ISLAM SAID GOP NOW SPENDING \$250,000 A DAY FOR FERTILIZER AND REALIZED MUST ALSO LOOK FOR ADDED PRODUCTION IN NEAR TERM 15 TO 36 MONTH PERIOD PRIOR TO ERECTION OF MAJOR UNITS CITED ABOVE. ISLAM SAID GOP WOULD OFFER EXXON PROMPT, "FAVORABLE" SETTLEMENT OF PRICING PROBLEM OF PAK FERTILIZER COMPANY PENDING SINCE DEVALUATION OF RUPEE IN MAY 1972 IF COMPANY WOULD DOUBLE SIZE OF EXISTING PLANT WITHIN NEXT 15 MONTHS. ISLAM ADDED GOP WOULD WANT TO BE PARTNER WITH EXXON BUT WOULD ALLOW FIRM TO HAVE MAJORITY EQUITY AND FULL MANAGERIAL CONTROL. FINANCING, ESTIMATED AT ABOUT \$40 MILLION, WOULD BE EXXON'S RESPONSIBILITY.

4. IN COURSE OF RESPONSE, CHARACTERIZED AS FRANK BUT CORDIAL, EXXON OFFICIAL LARSON REPORTEDLY MADE FOLLOWING POINTS:

A) EXXON OPERATIONS DECENTRALIZED THROUGHOUT WORLD AND INITIATIVE FOR ANY NEW INVESTMENT IN PAKISTAN MUST BE STRONGLY JUSTIFIED BY PAK FERTILIZER MANAGEMENT.

B) EXPERIENCE OF PAK FERTILIZER DURING PAST YEAR HAS BEEN DISAPPOINTING.

C) SETTLEMENT OF PRICE ISSUE SHOULD NOT BE LINKED TO PROPOSED NEW PROJECT.

D) EXXON, LIKE OTHER U. S. FIRMS, IS FACING "CAPITAL CRUNCH" AND BID FOR NEW INVESTMENT IN PAKISTAN WOULD HAVE TO COMPETE WITH HIGH PRIORITY EXXON PROJECTS, ESPECIALLY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 049028

THOSE RELATED TO U. S. ENERGY CRISIS.

5. PARTICIPANTS REPORTEDLY AGREED TO DISCUSS SUBJECT
FURTHER AFTER CONSULTATIONS. ROGERS

LIMITED OFFICIAL USE

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 16 MAR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: martinjw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE049028
Document Source: CORE
Document Unique ID: 00
Drafter: FHTHOMAS: PD
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: SECSTATE WASHDC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730332/aaaahzbg.tel
Line Count: 122
Locator: TEXT ON-LINE
Office: ORIGIN NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: martinjw
Review Comment: n/a
Review Content Flags:
Review Date: 04 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04-Jan-2002 by martinjw>; APPROVED <22 FEB 2002 by martinjw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> srp 971212
Subject: QAMARUL ISLAM ASKS EXXON CHEMICAL TO DOUBLE PRODUCTION PAK FERTILIZER
TAGS: EAGR, EIND, PK
To: ISLAMABAD INFO KARACHI
LAHORE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005